



Examiners' Report/ Principal Examiner Feedback

January 2016

Pearson Edexcel
International Advanced Level (IAL)
Economics (WEC03) Unit3

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INTRODUCTION

A total of 493 students sat the IAL Unit 3 Business Behaviour examination. Questions were drawn from all sections of the specification and provided much scope for students to display a range of knowledge and skills.

SECTION A

QUESTION 1

This was the least popular question in this section (attempted by 19.2% of students). There were very few sound answers and a high proportion of low quality responses. The best responses were able to clearly explain how a divorce of ownership from control might arise and discuss whether or not it would have an important bearing upon the objectives of the firm. It was disappointing to come across a relatively high proportion of answers which showed little or no understanding of the concept. The term 'divorce of ownership from control' is clearly stated in the specification. The topic of 'objectives' is one which centres are advised to cover as set out in the specification.

QUESTION 2

This was the most popular question in this section (attempted by 84.7% of students) and it differentiated well with scores distributed right across the possible mark range. There was a relatively high proportion of very sound responses. These answers showed a clear understanding of the differences between the two types of market structure using appropriate and accurate diagrams for analysis. There was a focus on the relative advantages of monopolistic competition for consumers. Weaker responses did not focus on the impact on consumers and provided little or no evaluation of the statement.

QUESTION 3

Marks were widely distributed with some very sound answers from students. Price wars as a strategy was well understood by most of those who attempted this question. However, weaker answers explained it in terms of any form of price reduction by firms and some produced answers analysing price discrimination strategies. The best responses were able to consider the likely short term and long term effects on both consumers and employees and in so doing, covered several valid evaluative issues. This question was attempted by 34.7 % of students.

QUESTION 4

This was the second most popular question on the paper chosen by 58.8% of the total entry. There were some excellent answers which identified appropriate government measures AND analysed them in relation to their possible impacts on business behaviour. However a significant number of students did not relate their answer to the impact on businesses and instead evaluated the policies themselves. It is stating the obvious but it is essential that students read the questions very carefully.

SECTION B

71% opted to answer Question 5 as compared with 29% choosing Question 6.

The quality of answers continues to improve with students recognising that they need to apply the relevant contexts, concepts and theories to their answers. Centres are reminded that all part b)–d) questions are awarded up to 4 marks for evaluation. This is often overlooked by students who would otherwise be achieving improved marks for Section B.

QUESTION 5

5a

Well answered by the majority of students with 46% achieving all 4 marks. Some failed to offer a definition of profit and missed out on knowledge marks and occasionally some students offered evaluation which was not a level of response that the question was seeking.

5b

This question discriminated well. Sound responses were able to provide an accurate diagram showing the shut down point and were able to analyse the importance of the short run and long run in this context. Weaker answers produced inaccurate or irrelevant diagrams with scant analysis. The concept of the shut down point was not well understood by a significant minority of students. The mean mark was 6.32.

5c

Sound answers displayed a clear understanding of non-pricing strategies with effective application to the contexts. Evaluation was then focused on whether or not these strategies may or may not be viable in the long run. Weaker answers discussed any number of strategies, (some of them price-based), in the hope that some would be relevant. The mean mark was 7.06.

5d

Generally students showed a good knowledge of growth strategies. The main discriminator was the quality of evaluation. In some cases this was missing completely from otherwise good quality responses. Students needed to assess alternative methods of growth (at least two), given the contexts provided. The mean mark was 7.05.

QUESTION 6

6a

Over 60% of students were able to score 3 or 4 marks on this question. The main area of weakness was in simply repeating the data from the table of FDI flows without identifying any trends.

6b

In general this question was very well answered and it had the highest mean mark in Section B of 7.48. Sound responses positioned their answer in context and focused upon Chinese firms becoming TNCs. Weaker answers gave scant reference to the contexts and failed to link their response to any form of international growth.

6c

There was a distinct differentiation between those students who related their answer to the likely impact of government measures to attract FDI, (which is what the question asked for), and those who evaluated government measures with no reference to possible economic effects. This is another example which highlights the importance of carefully reading the question. The mean mark was 6.63.

6d

This question was not well answered by the majority of students. Knowledge of pressure groups was thin in many instances even though pressure groups are clearly identified in the specification. The mean mark was 5.70.

Grade Boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>